

**United States District Court
Southern District of New York**

-----X
Securities and Exchange Commission,

Plaintiff,

-against-

**Empire Development Group LLC,
Empire Development Group Fund I LLC,
Castle Hill Ventures, LLC, Felix Strashnov
a/k/a Felix Straton and Michael Ayngorn,**

Defendants.
-----X

**Updated Verified Written
Accounting
Empire Development Group Fund
I, LLC**

07 Civ. 3896 (PKC)

I, Felix Strashnov, being duly sworn, deposes and says:

1. I am a Managing Partner and a Founder of Empire Development Group, LLC, which is the Managing Member of Empire Development Group Fund I, LLC ("Empire"). As such, I am knowledgeable about Empire's assets, liabilities and general financial condition.

2. **Request:** All assets, liabilities and property currently held, directly or indirectly, by or for the benefit of such Defendant, including, without limitation, bank accounts, brokerage accounts, investments, business interests, loans, lines of credit, and real and personal property wherever situated, describing each asset and liability, its current location and amount.

Response:

a. Empire owns the following two properties:

i. 2359 Royce Street, Brooklyn, New York: approximate investment

\$522,000

ii. 2 Harris Place, Fairlawn, New Jersey: approximate investment \$133,000

b. Empire had a checking account with JP Morgan Chase Bank, account no. 051-0740324-65, until August of 2006. This account was closed.

c. Empire has a checking account with Citibank, account no. 9964169100, which has an approximate current balance of \$49.

d. Empire and Defendant Empire Development Group, LLC have a 1976 Corvette, the value of which is unknown. The Corvette is located in Brooklyn.

e. Empire's liabilities are as follows**:

i. Rent for Office 1795 Coney Island Avenue, Brooklyn, New York 11230: Our rent was approximately \$4386 per month. The landlord has agreed to let Empire break the lease as of June 27, 2007, on which date we will return the keys to the office to him. He will retain our security deposit, which is approximately \$8,600. Empire will owe no further monies under its lease. Empire will need to look into storage facilities to store its computers and other office items.

ii. Garage: This was a month to month lease for approximately \$450 per month. No payments have been made since May 18, 2007. Empire did not make its June 2007 payment and the lease has been terminated. No payments are due and owing.

iii. Health Insurance: Empire was paying approximately \$2300 per month. No payments have been made since May 18, 2007. The insurance coverage lapsed as of June 1, 2007. No payments are due and owing.

iv. Office Equipment and Supplies: Empire was paying approximately \$300 per month. No payments have been made as of May 18, 2007 and no payments are due and owing.

v. Salaries: Empire was paying approximately \$15,000 - \$20,000 per month for each of Felix Strashnov and Michael Ayngorn. No payments have been made since May 18, 2007 and no amounts are due and owing.

vi. Office Cleaning Service: Empire was paying approximately \$400 per month. This was a week to week service, no payments have been made since May 18, 2007 and no payments are due and owing.

vii. Automobile Expenses: Empire was paying approximately \$3100 per month. No payments have been made since May 18, 2007 as Defendants Felix Strashnov and Michael Ayngorn have been making such payments. No payments are due and owing.

viii. Secretary Compensation: Empire was paying approximately \$2000 per month. No payments have been made since May 18, 2007, and no payments are due and owing.

****These monthly expenses were shared with Defendant Empire Development Group, LLC.**

3. **Request:** All money, property, assets and income received by such Defendant for his direct or indirect benefit from any other Defendant, at any time from October 1, 2004 through the date of such accounting, describing the amount, disposition and current location of each of the items listed.

Response: Empire did not receive any money, property, assets or income from any of the other Defendants.

4. **Request:** All money, property, assets and income received by such Defendant for the Defendant's direct or indirect benefit from any investor in, or shareholder of, Castle Hill, EDG, and/or EDGFI, at any time from October 1, 2004 through the date of such accounting, describing the amount, disposition and current location of each of the items listed.

Response: Since 2004, Empire and Defendant Empire Development Group, LLC have received approximately \$2,900,000 in total from investors. This has all been spent on the Fairlawn, New Jersey and Brooklyn, New York properties as well as salaries, expenses and working capital.

5. **Request:** The names, addresses and amount invested by each investor in EDG, EDGFI and Castle Hill from their inception.

Response: To the best of my knowledge, the names, addresses and amounts invested by Empire's and Defendant Empire Development Group, LLC's investors are attached hereto as Exhibit A.

6. **Request:** The names and last known addresses of all bailees, debtors and other persons and entities that currently are holding the assets, funds or property of such Defendant.

Response: There are no persons or entities holding any assets, funds or property on Empire's behalf other than: (1) the Corvette, which is with Defendant Michael Ayngorn at 2359 Royce Street, Brooklyn, New York; (2) the Brooklyn and Fairlawn properties, which are being nominally held for Empire by Defendants Michael Ayngorn and Felix Strashnov, respectively and (3) the security deposit held by the landlord of our office located at 1795 Coney Island Avenue, Brooklyn, New York 11230.

7. **Request:** All assets, funds, securities, investments and real or personal property purchased or otherwise obtained by such Defendant, or any other person controlled by them, at any time from October 1, 2004 through the date of such accounting, and the amount, disposition and current location of each of the items listed.

Response: Empire has obtained the assets set forth in this accounting during the time period from October 1, 2004 until the present.

8. **Request:** All assets, funds, securities, investments and real or personal property held by such Defendant, or any other person controlled by them, on behalf of: (i) Castle Hill, EDG and/or EDGFI and/or (ii) investors in, or shareholders of, Castle Hill, EDG and/or EDGFI from October 1, 2004 to the date of the accounting and the disposition of each of the items listed.

Response: Empire is not holding any other assets, funds, securities, investments or property on behalf of the other Defendants. The assets set forth in this accounting are being held on the behalf of Empire's investors.

9. **Request:** An accounting of all funds transferred to Mayer Ayngorn or companies partly or wholly owned or controlled by Mayer Ayngorn, including, but not limited to, Exclusive Homes and MZR Homes and Real Estate Development from October 1, 2004 to the present.

Response: The following is an accounting of the payments made by Empire and Defendant Empire Development Group, LLC to Mayer Ayngorn or companies partly or wholly owned or controlled by Mayer Ayngorn from October 1, 2004 to the present:

To Exclusive Homes:	12/26//05:	\$75,000 (Fairlawn Project)
	1/7/06:	\$25,000 (Fairlawn Project)
	12/23/06:	\$10,000 (Bergen Beach Project)
	4/19/07:	\$10,100 (Bergen Beach Project)

To MZR Homes: (all in connection with the Bergen Beach Project)

	2/17/06:	\$10,000
	5/22/06:	\$2,000
	5/23/06:	\$3,500
	6/9/06:	\$2,500
	6/11/06:	\$3,000
	6/23/06:	\$2,000
	6/30/06:	\$5,000
	7/31/06:	\$10,000
	8/3/06:	\$10,000
	8/4/06:	\$5,000
	8/22/06:	\$190
	8/22/06:	\$1,050
	10/3/06:	\$1,600
	11/15/06:	\$10,000
	11/15/06:	\$485
	11/30/06:	\$10,000
	3/14/07:	\$10,000

10. **Request:** List of all accounts at all banks, brokerage firms or financial institutions (including the name of the financial institution and the name and number on the account),

telephone or facsimile transmission numbers (including numbers of pagers and mobile telephones), electronic mail addresses, World Wide Web sites or Universal Records Locators, Internet bulletin board sites, online interactive conversational spaces or chat rooms, Internet or electronic mail service providers, street addresses, postal box numbers, safety deposit boxes, and storage facilities used or maintained by them or under their direct or indirect control, at any time from October 1, 2004 to the present.

Response:

a. Empire had a checking account with JP Morgan Chase Bank, account no. 051-0740324-65, as set forth elsewhere in this accounting.

b. Empire has a checking account with Citibank, account no. 9964169100, as set forth elsewhere in this accounting.

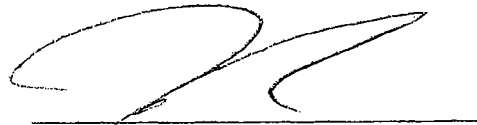
c. To the best of my knowledge, Empire's telephone numbers are 800-918-8711 and 718-252-3220. Empire's facsimile number is 718-252-3211. I believe Empire had some subnumbers, but I do not recall these numbers.

d. Empire's general email address is Admin@empirefund.com. Empire does not have a pager number.

e. Empire's World Wide Web address is empirefund.com. To the best of my knowledge, Empire does not have any other Internet sites, online interactive conversational spaces or chat rooms.

f. Empire's Internet service provider is One Communications. Empire's electronic mail service provider is Yahoo.

g. Empire has not and does not directly or indirectly use or maintain any storage facilities, postal box numbers or safety deposit boxes



FELIX STRASHNOV
Managing Partner

Sworn to before me this
25 day of June 2007

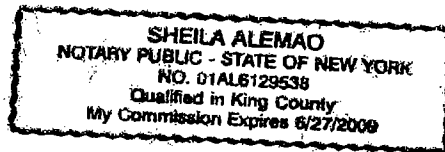

NOTARY PUBLIC

EXHIBIT A

EDG table

5/16/2007

Last Name	First Name	Street Address	City	State
Jaret	Alec.	Brookline	MA	02445
Yovicsin	Thomas J.	83 Arrowhead Circle	Ashland	MA
Fitzgibbon	Robert T.	C/O Proven Data Solutio	Walpole	MA
Carter	George	509 Winterberry Lane	Dubury	MA
Briggs	James R.	94 Carver Lane	Narragansett	RI
Bedford Jr.	Clay P.	557 Route 202 Ayers La	Barrington	NH
Salomon	Dr. Jeffrey	10 Carriage Hill Road	Woodbridge	CT
Imperiale	Peter F.	406 Hillside Avenue	Nutley	NJ
LUTJEN	THEODORE	29 EVANS PLACE / 733	POMPTON PLAINS / B	NJ / FL
Dardaris	Michael P.	1933 Teaberry Avenue	Williamstown	NJ
Kolb	William A.	49 Patrician Drive	Toms River	NJ
Ronde	Richard R.	7 Madsen Lane	East Northport	NY
Hubbard	George W.	55 B. NORTH FERRY R	Shelter Island	NY
Banks	William C.	Longwood at Oakmont, 2	Verona	PA
Valent	William G.	18 Gephart Avenue	Bedford	PA
Howell	James C.	608 Sherwood Drive	Carlisle	PA
PAULES	ROY E.	753 COUNTRY CLUB R	YORK	PA
Dunkelberg	William C.	515 Sabine Circle	Wynnewood	PA
Freedman/Trust	Philip	Plaza Towers 2350 Trem	Philadelphia	PA
Ditoto Jr.	James V.	2845 S. Sydenham Stree	Philadelphia	PA
BIELICKI JR.	JAMES A.	202 HAYSTACK LANE	WILMINGTON	DE
Moore	William H.	436 Russell Avenue	Gaithersburg	MD
Berig	Harvey G.	6921 Scarlet Oak Drive	Elkridge	MD
Ervin	Wilbur S.	1009 Leslie Road	Harve De Grace	MD
Little	Jerry A.	1989 Northmont Drive	Asheboro	NC
Jones	Edward L.	116 Maplewood Avenue	Thomasville	NC
Raynor Jr.	Bruce B.	3916 Watauga Drive	Greensboro	NC
Isenrich	Dr. Markus	201 Veranda Court	Raleigh	NC
HELMS	THOMAS C.	610 WINGRAVE DRIVE	CHARLOTTTE	NC
Haney	James A.	308 East K Street	Erwin	NC
Evans	Harry	621 Laurel Lake Drive B-	Columbus	North Carolina
Wager	Rupert	B: 4555 Mansell Road S	Alpharetta	GA
Stone	Michael T.	3568 Cloudland Dr. N.W.	Atlanta	GA

EDG table

5/16/2007

Zip Code	Phone Number(1)	Phone Number(2)
	C:617.233.6767	
01721	H:508.881.0632	B:617.727.0057
02081	H: 508-668-9916	B: 508-668-9180
02332	781-585-2605	
02882	401-782-4422	
03825	H:603.332.2931	603-332-5940
06525	H:203-393-3924	B:203-624-4346
07110	H:973.667.5545	
07444 / 33487	973.839.0202	973.809.9120
08094	H: 856-863-0461	
08753-4235	732-341-1722	
11731	H:631-261-4179	B:631-262-8044
11964	B: 631-749-2020	
15147-3883	412-826-4166	
15522	814-623-7636	
17013-3532	H:717.249.5369	
17403	717-854-8288	
19096	610-642-6473	B:215-204-6686
19115	215-677-2566	
19146	215-686-6834	
19807	H:302-571-0687	B:302-234-3100
20877	301-216-5668	
21075	410-540-9503	B:202-283-4560
21078	410.939.1765	
27205	H: 336-629-4940	B: 336-626-8300
27360	336-472-7138	
27410	336-854-1656	
27615	H:919.976.2537	B:919.676.2533
28270	704-366-3992	
28339	910-897-6722	W:910-897-7132
28722	828-894-6793	
30022	B:770.393.8800	
30327	H:404-355-4225	B:404-237-3401

EDG table

6/16/2007

Last Name	First Name	Street Address	City	State
Smith	Harlan B.	660 Bittersweet Trail	Atlanta	GA
Szemborski Jr.	Chester C.	3616 Lex Court	Port Orange	FL
Duhon Jr.	Claiborne J.	1759 Marseille Drive	Gulf Breeze	FL
Golden	John Richard	2816 Abingdon Parkway	Vetavia Hills	AL
Thompson	Leon P.	14879 Clovercrest Drive	Huntsville	AL
Haltiner	John C.	320 Willow Bend Drive	Vetumpka	AL
Ward	Larry Eugene	730 Cherokee Court	Murfreesboro	TN
Lake/Trustee	Larry N.	3056 Richmond Hill Driv	Nashville	TN
Alford Jr.	Mack	548 Old Huntsville Road	Fayetteville	TN
Simmons	Dr. James	190 South Grove Park	Memphis	TN
Walker	James A.	605 Highway 322 West	Clarksdale	MS
Kreitzman	John B.	3692 Park Point Drive	Lexington	KY
Nuzum	Gerald A.	6088 Ledgeview Drive	Peninsula	OH
Burke	James E.	402 S. Schricker Avenue	North Judson	IN
Milligan	James L.	204 North Main Street S	Monticello	IN
Otto	Lynn D.	5306 Whitneyville Road	Middleville	MI
Jarvis Jr.	James E.	23092 580th Avenue	Ames	IA
Bergstrom	Carl	936 I Avenue	Ogden	IA
Cross	Michael J.	117 1st Avenue N.W. P.	Hampton	IA
Schwendemann	Leroy F.	3176 Oak Avenue	Lehigh	IA
Novak	Richard J.	2144 Mehaffey Bridge R	Solon	IA
Neumann	Roy C.	312 Locust Street	Muscatine	IA
Harpster	Richard G.	W. 399 South 5572 High	Dousman	WI
Koch	Leon W.	2000 Westwood Drive	Wausau	WI
Robinson	Paul H.	123 N. 4th Street Suite 3	La Crosse	WI
Lindholm	Randy S.	4680 Echo Court	Stacy	MN
Oberg	Rodney	183 Little Canada Road	Little Canada	MN
Wiellang	Gregg C.	8412 Virginia Circle	Bloomington	MN
Weber	Theodore	801 West State Street	Belleplaine	MN
Baxter	Leroy W.	70797 State Highway 28	Graceville	MN
Baxter	Joan M.	70797 State Highway 28	Graceville	MN
Essler	David A.	1221 Terrace Court	Alexandria	MN
McQuoid	Terry Patrick	18861 329th Avenue	Isle	MN

EDG table

5/16/2007

Zip Code	Phone Number(1)	Phone Number(2)
30350	H:770-395-1186	
32129	H:386-756-2309	
32563	850-916-7677	
35243	H: 205-967-4672	B: 205-542-7702
35803-2379	H:256-882-1720	
36093	H:334.567.5236	B:334.260.1449
37130	H:901.570.0681	B:901.685.2212
37207	H: 615-227-8627	615-837-5131
37334	931-433-7674	
38117	901-767-9060	
38614	662-624-6492	
40509	H:859.221.0327	B:859.255.9846
44264	H:330.328.6428	330.650.9308
46366	H:574.896.6842	
47960	H:574.583.7201	B:574-583-3087
49333	H:269-795-3634	
50010	515.232.1156	
50212	H:515.275.4084	B:515.846.6201
50441	H:641-456-4255	B:641-456-4192
50557	H:515.547.2889	
52333	H:319.624.2816	
52761	H: 563-263-7813	B: 319-338-7878
53118	262-495-8121	
54401	B:715-842-6172	H:715-803-4146
54601	H: 608-784-5151	B: 608-782-8282
55079	651-462-6022	
55117-1338	651-766-9072	480-654-8159 AZ # TILL
55438	952-941-1030	
56011-1213	952-873-6752	
56240	320-748-7181	
56240	320-748-7181	
56308	H:320-762-2743	Same
56342	320-630-3435	

EDG table

5/15/2007

Last Name	First Name	Street Address	City	State
Landrus	Robert G.	48007 382nd Place	Palisade	MN
Zubke	Jerald A.	14574 S.D. Highway 15	Milbank	SD
Holden	John G.	2539 Mountain Lane	Freeport	IL
Phillips	Valerie Corrine	2119 Gentry Street	North Kansas City	MO
Coopridge	Leon	109 S. 6th Street (RR 2	Sayre	OK
OSGOOD	JEFFREY S.	901 MAIN STREET SUIT	DALLAS	TX
GREGORY	JAMES F.	15 NONESUCH ROAD	DALLAS	TX
Adamitis	Kenneth G.	13407 Shady Bay Courts	Sugar Land	TX
Jordan	Clay A.	1616 Rosewood Street	Seguin	TX
Moddrell	Chester L.	1308 Stacy Street	San Marcos	TEXAS
Tidwell	Donald R.	1030 Kay Street	Longmont	CO
Rosenthal	Michael Edward	164 Grand View Drive	Warwick	RI
VanDerHajdew	Hubert	2662 Squaw Valley Road	Prest Lake	ID
Roberts	James A.	3292 East Bengal Blvd.	Salt Lake City	UT
Bracanovich	Andrew G.	3606 N. Kachina Lane	Scottsdale	AZ
Slocum	Stanley B.	14317 N. Sky Trail Drive	Tucson	AZ
Banks	Dr. Leon O.	3655 Homeway Drive	Los Angeles	CA
Yamada	Henry T.	5995 S. Sepulveda Blvd.	Culver City	CA
Jablonski	Richard J.	26722 Hyle Road	Ranchos Palos Verdes	CA
SAAVEDRA	ALFONSO SEAN	P.O. Box 921147	Sylmar	CA
Jenkins	Chris Alan	703 Rancho Los Nogales	Covina	CA
Kolanowski	Bernard F.	7221 Linden Terrace	Carlsbad	CA
ALVARADO	JONATHAN D.	299 EAST LANE	EL CAJON	CA
Mayorga	William H.	8412 Boulder Place	San Diego	CA
Dominguez	David C.	8650 Miramar Road Suite	San Diego	CA
Huang	Scott L.	11 Las Cruces	Irvine	CA
BELCHER	KERRY K.	36 le-mans	Newport Coast	CA
Waymire	Laurence Turner	7 Orlando Court	Laguna Higuai	CA
Wallace Jr.	John R.	787 Tierra Rd.	Nipomo	CA
Leslie	Douglas C.	498 Eureka Street	San Francisco	CA
Lee	Gerald Alan	8:800 Metro Center Blvd.	Foster City	CA
Gioseffi	Tom	38 Twin Oaks	San Rafael	CA

EDG table

5/16/2007

Zip Code	Phone Number(1)	Phone Number(2)
56469	218-845-2667	
57252	H:605.432.6658	
61032	H:815-235-7295	B:312-621-5159
64116	H:816.842.8100	B:816.283.3900
73662	580-928-2664	
75202	B: SAME	H:214-651-4582
75214	214-824-2443	
77478	H:281-565-4699	B:713-669-2827
78155-5246	830-379-5935	
78666	512-304-5630	
80501	303-678-1117	
82886	H:401-737-7044	B:401-275-3000
83856	208 443-2333	
84121	801-944-3773	
85251	H:480.970.3966	
85737		952-927-4935
90008	323-293-7481	
90230	H:310-398-2788	B: Same
90275	H:310.375.2959	B:310.668.6330
91392	H:818-822-3462	B: Same
91724	714-523-2280	
92011	760-431-0930	
92021	619-440-0791	
92119	619-713-0807	CELL: 619-204-2249
92126	H:858.695.6571	
92614	H:949-955-3802	
92657	949 219 9948	
92677	H:949-481-2545	C:714-815-8449
93444	805.929.6084	
94114	415-550-0201	
94404	B:650-432-4803	H:650-377-0449
94901	415-457-3450	

EDG table

5/16/2007

Last Name	First Name	Street Address	City	State
Bramlette	Darryl	7700 Ruth Ridge Road	Jamestown	CA
Speck	Robert E.	2127 Old Lake Rd. (P.O.	Merced	CA
Burnash	George O.	10541 Malaga Way	Rancho Cordova	CA
HARRIS	KEITH D.	4437 S.W. Melville Aven	Portland	OR
Oster	Randy	48912 284 th Ave SE	Enumclaw	WA
Campbell	Martin J.	1070 24th Avenue East	Seattle	WA
Sherer	Michael J.	2603 N.E. 87th Street	Seattle	WA
Wasem	Clifford W.	655 Riverview Blvd.	Clarkston	WA
Colonell	Joseph M.	B: (Emtrix) 1600 A Street	Anchorage	AK

EDG table

5/16/2007

Zip Code	Phone Number(1)	Phone Number(2)
95327	H:209.984.1251	B:209-352-2274
95340	C:209.765.2761	
95670	H: 916-362-5003	B: 916-686-9141
97239	503-245-4017	503-252-4561
98022	360-825-1851	
98112	206-324-3210	
98115	H:206-715-0812	
99403	H:509-758-2565	B:Same
99501	B:907-261-9731	H:907-360-8291